



Malta Communications Authority

Annual Plan 2017

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1. Introduction

This document represents the Malta Communications Authority's Annual Plan for 2017. It sets out the priority work-streams and related individual tasks that the MCA intends to carry out during 2017.

The Annual Plan is reflective of the MCA's Strategy Update covering the period 2017 - 2019. The Strategy Update validates the established strategic thrusts and factors in new developments that are seen to have a significant impact during the plan period.

1.1 Mission Statement and Strategic Objectives

The mission of the MCA is:

'To promote and safeguard sustainable competition, customer choice and value for money in the electronic communications, e-commerce and postal sectors; and

To facilitate the development of an environment that is conducive to investment, innovation, social inclusion and economic growth.'

For the MCA to achieve its mission over the next three years, the following are the identified strategic objectives emerging from the Strategy Update for the period.

Electronic Communications Networks and Services	
T1	Promoting and safeguarding competition in the electronic communications sector
T2	Ensuring that electronic communications undertakings provide a transparent, value for money service to users whilst adhering to incumbent social obligations
T3	Contributing to the development and implementation of electronic communications regulatory policy
eCommerce and eTrust Services	
E1	Facilitating the development and uptake of eCommerce and other online services
E2	Supervising the provision of electronic signatures and trust services
Postal Services	
P1	Safeguarding sustainable competition in the postal sector
P2	Ensuring that postal undertakings provide a transparent, value for money service to users whilst adhering to incumbent social obligations
P3	Contributing to the development and implementation of postal regulatory policy
Information Society	
IS1	Achieving widespread e-literacy and digital inclusion
Business Development and Innovation	
IN1	Promoting and facilitating business development and innovation in the sectors under the MCA's purview

1.2 Legal Frameworks

The MCA's mission, mandate and functions derive from the Malta Communications Authority Act, Cap 418. The MCA is responsible for:

- the regulation of electronic communications networks and services, radiocommunications equipment and the management and use of the radio spectrum and numbers as defined in the Electronic Communications (Regulation) Act, Cap 399;
- the regulation of postal services as determined by the Postal Services Act, Cap 254; and for
- ensuring compliance with the Electronic Commerce Act, Cap 426.

In addition, the MCA is responsible for promoting and facilitating the uptake of eCommerce and Information Communications Technologies (ICTs) amongst citizens and businesses and in promoting Malta as a destination for high-value commercial users of communications services and ICTs.

1.3 Accountability Framework

The MCA is accountable to the Minister responsible for Communications for the preparation and presentation of its financial estimates for approval, following an annual consultation by the responsible Minister with the Minister responsible for Finance. The MCA also presents its Annual Report to the Minister responsible for Communications and the Minister responsible for Finance for the preceding year.

The MCA is also held to account by the sectors it regulates and by the public on whose behalf it regulates. The MCA publishes its Strategy Update and Annual Plan, and its Annual Report on its website.

1.4 Measuring Performance

The MCA carefully monitors and reviews its performance and progress towards the achievement of its objectives through:

- performance management;
- the publication of an annual report; and
- feedback sought from stakeholders.

Progress towards the attainment of the MCA's strategic objectives is measured by a series of related activities. In this respect, and on an ongoing basis, the MCA:

- formally and informally, ascertains stakeholders' perceptions of the regulator;
- carries out bi-annual market reviews providing an overview of the trends in the sectors regulated by the MCA;

- conducts performance measurement and monitoring in line with the key performance indicators (KPIs) identified in the MCA's Strategy Update; and
- monitors the achievement of its objectives and work programme, identifies any shortfalls and takes the necessary steps to remedy them.

1.5 Consultation and Communication

The MCA is committed to engaging with various stakeholders, including citizens, consumers, authorised entities, government departments and other regulators, larger corporations, small and medium enterprises (SMEs), the EU, and various other international bodies.

A variety of communication channels, such as its website and social media, are used in order to effectively build greater awareness of the outcomes of the MCA's activities, its roles and responsibilities, its various initiatives and on general trends in the sectors it regulates. The MCA also uses these communication channels to empower consumers by providing information on their rights and in assisting them in making informed choices across all communications services, as well as in promoting the use of ICTs.

Effective stakeholder engagement to encourage innovation and business development opportunities that emerging communication technologies and infrastructures can generate also features on the MCA's agenda.

1.6 Upcoming Challenges

There is currently a great deal of activity underway in terms of technology development and its market deployment, changing market structures, innovative business models for the provision of services, and the ever-changing consumer and business needs.

Changing consumer and business needs are driving demand for additional bandwidth on both fixed and mobile networks. Businesses are adopting cloud-based services, and consumers are using multiple connected devices simultaneously for services, including bandwidth-hungry services such as video streaming. Data demand will continue to grow, underlining the importance of resilient, reliable, and high quality networks for all types of users.

IP-based services operating 'over the top' (OTT) of broadband and mobile data connections are becoming increasingly ubiquitous. The growth of IP-based services presents particular opportunities and challenges to businesses as they seek to benefit from the digital economy. The convergence in ICT services is creating more choice, but also more complexity. Trends such as migration towards unified (fixed and mobile) IP-based communications and cloud-based services are putting increasing demands on the quality and resilience of underlying network connectivity.

Fixed and mobile network operators have plans and investments underway to upgrade their networks to deliver ultrafast broadband services. Research is under way on future 5G networks, which could provide far greater speeds than those presently available.

In the wake of ongoing technological advancements and changing consumer expectations, the MCA remains committed to ensuring that the right conditions for sustained investment are maintained and that industry players continue on the path of rolling out new and improved service offerings.

The Maltese communications sector has made significant strides over the past years in bringing the widespread availability of high-speed broadband products and services to the market. Whilst such progress is important because of its significant positive impact on social and economic development, it is equally important to ensure that, to the extent possible, every individual has the necessary skills to engage effectively with the digital economy. The take-up of broadband products and services is certainly encouraging, however Malta still lags behind other European countries with regard to technology usage, particularly amongst older generations.

As broadband and mobile Internet penetration rates continue to increase, eCommerce continues to flourish and grow at a much faster rate than traditional retail channels. eCommerce purchases by Maltese users, mostly from abroad, continue to rise. Meanwhile local businesses still need to better exploit the possibilities offered by eCommerce.

In recent years, there have been significant developments in the postal sector due to changing consumers' needs or preferences and innovative electronic services. As a result of digital substitution, letter mail volumes have been declining in recent years for most countries. The change in the way consumers are using the postal service and the decline in letter mail volumes may lead to the need for a redefinition of the scope of the universal postal service including an analysis of its sustainability, given the changing conditions in the sector.

The Telecoms Single Market Regulation adopted in November 2015 set net neutrality (open internet) rules protecting every European to access Internet content without discrimination. The Regulation will also see the end of roaming charges in June 2017.

In May 2015 the European Commission launched a strategy for a European Digital Single Market which covers the various aspects characteristic of a digital economy. The Digital Single Market Strategy proposed the review of a number of policy areas related to eCommerce, postal services and electronic communications.

In February 2016 the European Commission published its legislative proposals to coordinate the use of the 700 MHz radio spectrum band for mobile services. The European Commission proposed a long-term approach to the use of the ultra-high frequency (UHF) band (470 - 790 MHz) currently used for TV broadcasting. According to the proposal, more radio spectrum will be made available for mobile services in the 700 MHz band (694-790 MHz) by 2020. The 700 MHz band is ideal for the deployment of new applications and innovative services, such as machine to machine (M2M) communications and the Internet of Things (IoT). The legislative process is to be finalised in the first half of 2017.

In May 2016 the European Commission published its legislative proposals aimed at enabling cross-border eCommerce to flourish at a greater pace. The proposed measures set to improve price transparency and enhance regulatory oversight of parcel delivery, so that consumers and retailers

can benefit from affordable deliveries and convenient return options, one of the strongest drivers of cross-border eCommerce. The legislative process is expected to be finalised in the first half of 2017.

In September 2016 the European Commission published its legislative proposals for a comprehensive review of the current electronic communications regulatory framework. This review includes proposals related to the common EU wide criteria for spectrum assignment at national level and more effective spectrum coordination; creating incentives for investment in high-capacity fixed and mobile infrastructures; ensuring a level playing field for all market players, traditional and new; and creating an effective institutional framework. The legislative process is expected to be finalised by the end of 2017.

The MCA will continue working closely with all the relevant stakeholders at EU and national levels in order to ensure that any future EU policies in the above-mentioned areas benefit the Maltese economy at large.

2. Work Programme and Priorities

What follows is an overview of the MCA's work-streams - including the MCA's major ongoing work areas - to be carried out during 2017 that will contribute to the achievement of the identified strategic objectives.

2.1 Electronic Communications

T1 - Promoting and safeguarding competition in the electronic communications sector.

Maintaining Conditions for a Multi-Player Scenario in an NGA environment

The MCA's regulatory activities over the past years have been focused towards facilitating the deployment of high-speed next generation fixed and mobile broadband networks, providing consumers and businesses across Malta with improvements in choice and value of services. Appropriate regulatory measures have continued to support both infrastructure- and service-based competition in the Next Generation Access (NGA) environment.

The electronic communications sector has continued to invest in the deployment of high-speed fixed and mobile broadband networks and in the provision of new and improved services. In addition to the availability of fixed broadband services at speeds of up to 250 Mbps on a nationwide basis, Melita also provides access to 50,000 high-speed Wi-Fi hotspots. GO has continued with the roll-out of its fibre-to-the-home (FTTH) broadband network in a number of localities (offering fixed broadband access packages up to 500Mbit/s) together with improvements to bandwidth on its existing copper network. Vodafone and GO both provide a nationwide 4G (LTE) high-speed mobile broadband network.

Although businesses and consumers in Malta have good access to high-speed fixed and mobile broadband services the market is constantly changing. Changing consumer and business needs are driving demand for additional bandwidth on both fixed and mobile networks. The MCA will continue to focus its work on promoting competition and creating a favourable climate for additional investment and innovation in fast and ultra-fast broadband technologies.

The publication of GO's virtual unbundled access (VULA) wholesale reference offer at the beginning of 2016 allows service providers wishing to access GO's FTTH network to enter the market without having to duplicate the fibre network deployed by GO. This has ensured that service providers have an adequate access solution that is not subject to uncompetitive practices. At the same time, the MCA is mindful not to hamper GO's investment in the roll-out of its FTTH network. Successful adoption of such a VULA offering would support continued improvements in choice and value of high-speed broadband fixed retail services.

In addition to FTTH infrastructure, other technologies (such as vectoring technology [hybrid copper/fibre - VDSL technologies], improvements in Data Over Cable Service Interface Specification - DOCSIS standard and LTE) also create high capacity broadband access lines. A key challenge for the

MCA is enabling infrastructure-based competition based on different high-speed broadband technologies.

The MCA will during 2017 continue to monitor market developments in the deployment of different high-speed broadband technologies on the competitive environment and the impact that such technologies would have on the regulation of the wholesale infrastructure access market.

Facilitating the Deployment of NGA Networks

In 2015 the MCA embarked on an exercise, jointly with Transport Malta (TM), in order to transpose the EU Directive 2014/61/EU concerning measures for reducing the cost of deploying high-speed electronic communications networks into Maltese Law. The Directive required legal amendments, primarily to the Utilities and Services (Regulation of Certain Works) Act (Cap. 81). Other laws requiring amendments, albeit to a significantly lesser extent included the Electronic Communications (Regulation) Act and new regulations under the Building Regulation Act (Cap. 513). The Directive was transposed into Maltese Law in April 2016 and came into force in July 2016. The institutional responsibility is shared among four government entities (including the MCA), with the larger part falling within the remit of Transport Malta (TM).

The measures for reducing the cost of deploying high-speed electronic communications networks have provided further strength to symmetric regulation as a means of facilitating and incentivising the roll-out of high speed broadband networks.

During 2017, the MCA will continue to facilitate the roll-out of high-speed broadband networks by providing the necessary support and guidance to sector players, other institutional players, as well as the judicial body entrusted with any disputes arising. Such support and guidance will mainly address areas related to access to physical infrastructure and access to in-building physical infrastructure.

Ex-ante Regulation - Market Reviews and Analysis

The MCA will continue to monitor the implementation of existing *ex-ante* remedies resulting from the analysis of the relevant markets carried out during the past years. In addition, the MCA will continue to review and monitor the relevant electronic communications markets to ensure that market review decisions remain relevant and that remedies reflect any changes in the markets since the previous review. In 2017 the MCA will commence the review of the following wholesale electronic communications markets:

Wholesale mobile call termination market (Market 2) - Mobile call termination is a wholesale service provided by a mobile communications provider to connect a call to a recipient on its network. When fixed or mobile communications providers enable their customers to call a local mobile number, they pay the terminating mobile communications provider a wholesale charge, called a mobile termination rate (MTR).

Wholesale local access provided at a fixed location market (Market 3a) - The wholesale local access (WLA) market concerns access to the fixed electronic communications infrastructure. WLA is the local connection between the end-user's premises and the local exchange or access node. This connection

can be copper, cable and/or fibre-based and is used to provide fixed-line services such as voice calls and broadband internet.

Wholesale central access provided at a fixed location for mass-market products market (Market 3b) - The wholesale broadband access market relates to the wholesale broadband products that communications providers provide for themselves and sell to each other. These services are one of the building blocks of the retail broadband offers that consumers buy.

The European Commission's review of the current electronic communications regulatory framework proposes amendments related to access regulation aimed at reinforcing and improving the ex-ante concept of Significant Market Power (SMP) access regime currently in place, to further promote infrastructure competition and deployment of very high capacity networks. The MCA supports a review of the ex-ante concept of SMP that continues to ensure regulatory predictability for the stakeholders as well as the availability of suitable regulatory means to pursue sectoral goals, also with reference to the treatment of oligopolies.

In addition, the MCA will contribute to the work to be carried out by the Body of European Regulators for Electronic Communications (BEREC) on the drafting of an opinion on the European Commission's review of the current SMP guidelines. It is recognised that further guidance could be useful in the case of bundles and concerning the analysis of joint dominance when assessing SMP within the relevant markets.

Ex-Post Regulation as part of the MCA mandate

Whereas the Malta Competition and Consumer Affairs Authority (MCCAA) has the remit to address breaches of competition law, the MCA has the strategic role of creating an environment that is conducive to the development of competition in the sectors that it regulates for the benefit of consumers and operators alike. It is therefore empowered to intervene in order to avoid competition failure.

This situation creates a degree of overlap between the powers of the two authorities in the case of electronic communications and postal service regulation. Consequently there have been a number of instances where undertakings have asked both authorities to intervene with respect to the same dispute. Current circumstances grant neither of these authorities sufficient powers to comprehensively deal with certain competition issues that cut across both legislative frameworks.

With the intention of ensuring seamless interaction between *ex-ante* and *ex-post* regulation, the MCA will continue to make the case with Government on the benefits of migration of *ex-post* regulation to the MCA. This would allow the MCA to provide a one-stop-shop in sector regulation, allow MCCAA resources to be put to alternative use, and maximise the MCA's expertise in sector regulation.

Development of the Radio Spectrum Potential

The radio spectrum is an increasingly valuable and useful resource for Malta, contributing to the improvement of overall welfare of many sectors of society by supporting an extensive range of

desirable, useful and essential services. It also helps deliver economic growth and support numerous jobs in the modern economy.

The MCA is responsible for ensuring the optimal use of the radio spectrum identified in the national radio frequency plan.¹ Optimal use of the radio spectrum is a key factor in terms of delivery of services, competition, choice and widespread availability.

In the recent years there has been a significant change in relation to the impact that the use of the radio spectrum resource can have on our daily lives and business activities - in particular with the rapid ascent of the smartphone. Associated with this has been the rapid increase in the amount of data users are consuming, facilitated in particular by the rollout of 3G and 4G mobile broadband networks.

As the demand for mobile data grows, along with the speeds required for its proper delivery, radio spectrum needs to continue to be provided in sufficient quantities on a technology and service neutral basis, in order to facilitate the roll-out of new and innovative high-speed mobile broadband services.

The currently assigned spectrum in the 900 MHz, 1800 MHz and the 2.1 GHz frequency bands has enabled improvements in the quality of existing 3G networks as well as investment in 4G (LTE) mobile broadband networks.

The migration of the multiplex reserved for Maltese General Interest (GI) TV transmission from Channel 66 (within the 800 MHz radio spectrum band) to Channel 43 (within the 470 - 694 MHz band) is to be completed in the first quarter of 2017, making way for the assignment of the 800 MHz band for mobile services.

The assignment of the 800 MHz band is expected to be completed in the first half of 2017. This will enable the current mobile operators to further improve the quality, reliability and performance of their high-speed broadband mobile networks.

Additional radio spectrum to further drive investment in high-speed electronic communications services is also available in the 1800 MHz band, 1.5 GHz band, 2.6 GHz band and the 3.4 - 3.8 GHz band.

In 2017 the MCA will carry out a review of the national radio spectrum management strategy. The review will, amongst other things, set out how the MCA plans to ensure the effective and efficient management of this important resource in the period ahead. A significant element of the strategy will identify emerging spectrum bands capable of supporting new wireless broadband technologies (such as 5G technology) and services that will require radio spectrum in the near future.

The strategy will outline the MCA's policy for the renewal of the radio spectrum licences that will expire in 2020 (i.e. spectrum in the 2.1 GHz band and the 3.4 – 3.8 GHz band) and in 2021 (i.e.

¹ The MCA regularly reviews the National Radio Frequency Plan (NFP) to reflect changes to the allocation of spectrum taking into account European and International regulations: <http://www.mca.org.mt/national-frequency-plan>.

spectrum in the UHF band). It will set out the work required to prepare for the repurposing of the 700 MHz band, currently used for Digital Terrestrial Television (DTT) services, for mobile broadband services.

The strategy will consider potential radio spectrum demand of specific radiocommunications service categories,² noting that this demand is influenced by a broad range of factors including end-user demand, technology changes and advancements, the international harmonisation of radio spectrum, and relevant national and international policies and directives.

The strategy will also set out the MCA views on a number of prevailing spectrum management issues including: the use of auctions, radio spectrum competition caps, spectrum trading (transfers and leases), licence duration, fees for spectrum rights, sharing and collaborative arrangements, technology and service neutrality and transparency of information.

Efficient Management and Use of Numbers

The MCA is responsible for the efficient management of Malta's numbering plan,³ including attaching conditions to rights of use of numbers. Numbering is a key enabler of electronic communications services and the need to preserve this finite national resource must be balanced against the need to ensure an adequate supply of numbers to meet the demands of new and existing customers and service providers whilst enabling technological change.

The revised numbering fee charges brought into force as from January 2017 will encourage more efficient use of numbering resources. As a result the revised number usage fee structure is expected to positively affect those operators which implement a resource-efficient numbering plan.

The MCA will continue to manage the numbering plan by allocating numbers to service providers for new and existing services, and by monitoring their utilisation to ensure efficient use of numbers. In addition, the MCA will monitor developments in the emerging electronic communications markets which would require usage of number resources (such as for the deployment of M2M, IoT and OTT technologies).

Maintaining Compliance Framework

Timely access to accurate and reliable information and data is vital in supporting the MCA's regulatory decisions. To this end, the MCA collects a wide range of data from electronic communication providers, in line with its statutory powers and publishes bi-annual market reviews.

This activity is supplemented by public and business perception surveys. The results of these surveys serve as an additional source of information for regulatory decisions and indicate how consumers' needs are changing over time. The surveys also assess the level of satisfaction with the services

² Radiocommunication relates to the following service categories: mobile, nomadic and fixed wireless broadband; broadcasting; radio links; business radio (including PPDR and PMSE); short range devices (including IoTs); satellite; radio amateur; aeronautical, defence maritime and scientific services.

³ Refer to Malta's telephone numbering plan: <http://www.mca.org.mt/numbering>

provided by electronic communication operators and the extent to which they are addressing consumer needs.

In the first half of 2017 the MCA will publish the results of the business perception survey carried out in the last quarter of 2016. In addition the MCA will once again carry out consumer perception surveys to assess the changes in the level of satisfaction in the use of electronic communications services, in the respective markets, over the past two years.

Priority Programme of Works 2017 – Strategic Objective T1

The table below contains a listing of the priority work streams for 2017 that will contribute to the achievement of Strategic Objective T1.

Priority Programme of Works 2017 - Strategic Objective T1 (Electronic Communications)

Project / Activity

Planned Output

Maintaining conditions for a multi-player scenario in the NGA Environment

GO's VULA Reference Offer - Implementation and Ongoing Monitoring

- Develop KPIs to ensure that the non-discrimination obligation imposed upon GO is effectively implemented
- Ongoing monitoring of KPIs
- Price Reviews of VULA charges (as necessary)

Review of leased lines / Ethernet prices
(Revision of price control obligations emanating from the leased lines market review and analyses to be published in Q1/2017)

- Development of a price control model
- Public consultation
- *Publication of Decision (Q1/2018)*

Facilitating the Deployment of Next Generation Access Networks

Guidelines on charges for access to physical infrastructure
(Dependent on requests from Operators / Dispute Resolution Board)

- Issue guidance to operators / Dispute Resolution Board on charges for access to physical infrastructure

Ex-Ante Regulation Market Reviews and Analysis, Remedies

Wholesale high-quality access provided at a fixed location (Market 4)

- Report on Consultation / Decision

Wholesale local access provided at a fixed location (market 3a) / Wholesale central access provided at a fixed location for the mass market (Market 3b)

- Public consultation on the market analysis review
- Consideration of responses to consultation
- Notification of draft Decision to the European Commission
- Report on Consultation / Decision

Wholesale mobile call termination market (Market 2)

- Public consultation on the market analysis review
- Consideration of response to consultation
- Notification of draft Decision to the European Commission
- Report on consultation / Decision

Development of the Radio Spectrum Potential

Priority Programme of Works 2017 - Strategic Objective T1 (Electronic Communications)

Project / Activity	Planned Output
National Radio Spectrum Management Strategy	<ul style="list-style-type: none"> - Development of a national radio spectrum management strategy - Discussion with key stakeholders - Publication of a national spectrum management strategy
Review of National Frequency Plan (NFP)	<ul style="list-style-type: none"> - Review and updating of the NFP to reflect changes in spectrum allocations - Approval by Government and publication of the updated NFP - Notification to European Commission on changes to the NFP
<i>Efficient Management and Use of Numbers</i>	
Management of numbering resources	<ul style="list-style-type: none"> - Ongoing monitoring of operator number utilisation to ensure efficient use of resources - Monitoring developments in the emerging electronic communications markets which would require usage of number resources
<i>Maintaining Compliance Framework</i>	
Business perception survey	<ul style="list-style-type: none"> - To commission business perception survey (Q4/2016) - Analysis of findings - Publication of results
Consumer perception surveys	<ul style="list-style-type: none"> - To commission surveys on electronic communications markets and publish results
Collection of relevant, accurate and timely information on the electronic communications markets	<ul style="list-style-type: none"> - Inclusion in bi-annual market review report and the quarterly data sheets - Ongoing monitoring of prices of electronic communications services

T2 - Ensuring that electronic communications undertakings provide a transparent, value-for-money service to users whilst adhering to incumbent social obligations.

Maintaining Focus on Consumer Empowerment and Protection

The MCA will continue to focus its work on empowering consumers by providing clear information on their rights and in assisting them in making informed choices in their use of electronic communication services. The MCA will especially focus on access to readily available, clear and relevant information, particularly about new services and new technologies. The MCA will continue to ensure that consumer rights are protected so that they can enjoy the benefits of competition and innovation to the fullest extent possible.

Operator Contracts - The MCA will monitor the contractual obligations of all operators providing a connection to the public communications network and/or publicly available electronic communications services to ensure that they are providing subscribers with clear and comprehensive contracts in line with applicable legislation.

Process of Switching Providers for Consumers - Consumers must be able to find the best deals and easily switch providers to take full advantage of competition in the electronic communications markets. Difficulties in changing provider can constrain consumer choice and harm competition and investment, while the increasing practice of bundling services together can make switching harder still. The MCA will continue to monitor inter-operator porting and switching processes, and the extent to which they promote good consumer and competition outcomes.

Cancellation and Termination Arrangements - The MCA will continue to monitor and assess the cancellation and termination arrangements of electronic communications providers, and the impact these have on consumers' ability to exit their service contract quickly, conveniently and without error.

Information on Products and Services - The number of services on offer at different prices, with different tariff structures and contractual terms, may complicate user decisions. It is essential that the prices of electronic communications services are structured and presented so that consumers can easily understand the overall price and make comparisons between providers. The MCA will continue to promote transparency by providing consumers with the necessary tools to ensure that they are aware of alternative suppliers and services so that they can easily compare information on prices, service characteristics and quality. In addition the MCA will, via its website, consumer guides and the use of social media, continuously update information available to consumers on how to get the best from electronic communications services.

Ensuring Consumer Rights and Customer Service - The MCA will continue to ensure that service providers uphold the rights of their customers and deliver acceptable levels of customer service. The MCA will ensure that service providers continue to address their customers' complaints. In addition, the MCA will continue to handle and resolve complaints it receives from customers of service providers.

Other Consumer Related Work - The MCA will continue to work to strengthen its powers vis-à-vis consumer protection in order to be in a better position to safeguard consumers' interests and enhance their welfare. Additional consumer-related powers would render the MCA more effective in the execution of its mission and would enable the application of an 'one-stop-shop' concept, to the benefit of end-users.

Implementing the Regulatory Framework for Net Neutrality

The MCA is responsible for ensuring that net neutrality principles are upheld in line with the Telecoms Single Market Regulation. These include the ability to seek compliance from electronic communications service providers and online content providers with these principles.

The MCA is required to ensure that the quality of the open Internet is not degraded by traffic discrimination or by the provision of specialised or innovative services. The MCA is also empowered to set minimum quality of service requirements on Internet access providers, and other appropriate measures to ensure that all end-users enjoy an open Internet access service of good quality.

Electronic communications providers are required to appropriately inform customers of fixed internet access about the minimum, normally available, maximum and advertised internet speeds they can expect to get. In the case of mobile networks, operators have to inform their customers of the estimated maximum and advertised speed. Operators are also required to explain the remedies consumers have if they do not get the speeds for which they have subscribed.

In 2016 the MCA actively contributed and participated in the BEREC working group tasked with developing guidelines on the obligations related to the supervision, enforcement and transparency measures for ensuring an open Internet access. These guidelines were adopted in August 2016. The MCA will be monitoring and ensuring compliance with the net neutrality principles, taking utmost account of the BEREC guidelines, in order to safeguard equal and non-discriminatory treatment of traffic in the provision of internet access services and related end-user rights. In line with the Telecoms Single Market Regulation the MCA will publish reports on an annual basis regarding its monitoring and findings, and provide those reports to the European Commission and to BEREC.

Implementing Mobile Roaming Rules

The European roaming regulations set retail price caps and retail transparency measures that apply to mobile telephony subscribers from one Member State when travelling across EU Member States. They also set wholesale price caps and other access requirements that apply between different mobile service providers and introduced measures in relation to wholesale access between service providers.

As part of the Telecoms Single Market Regulation conventional roaming surcharges within the EU are planned to come to an end in June 2017. Users will be able to use their mobile devices when travelling in the EU while paying the same prices as when they are at home (domestic prices). In order to prevent any abusive or anomalous usage, as in the case of a permanent roaming scenario, a 'fair use policy' is being established.

The European Commission shall, after having consulted BEREC, adopt detailed rules of the application of this 'fair use policy' by the end of this year. Once Roam Like At Home (RLAH), is implemented a set maximum surcharge could be applicable for consumers who surpass the established limits. As a transitional measure, applicable from 30th April 2016 until 14th June 2017, roaming providers are currently allowed to apply a surcharge in addition to the domestic price.

The MCA will continue to contribute and participate in the BEREC working group tasked with the development of rules for the application of fair use of roaming services and on the methodology for assessing the sustainability of the abolition of retail roaming surcharges. In addition, the MCA shall continue to monitor mobile operators to ensure that they are adhering to the obligations set out in the roaming Regulations, and ensure that consumer protection measures and pricing structures are adequately set in place and adhered to. The MCA will continue to promote the roaming tariff reductions introduced by means of the EU roaming Regulations.

Monitoring Network Security and Resilience

Tolerance of outage in electronic communications networks is decreasing as more and more vital systems, services and work tasks require constant connection; for example transactions in the financial and eCommerce sector, emergency services, public administration, etc; thus a major outage in electronic communications networks would have severe consequences for the economy and for society.

Operators are required to take appropriate measures to ensure the integrity of their networks and services in line with the technical guidelines issued by the European Network and Information Security Agency (ENISA)⁴ and are required to report incidents to the MCA. On an annual basis the MCA then submits a summary report to the European Commission and ENISA on the notifications received and the action taken.

The MCA will continue to follow up any incidents of concern in order to understand their cause, the appropriateness of the operator's response, and the steps that have been taken to minimise the risk of recurrence. In 2017 the MCA will examine whether additional requirements need to be placed on operators in order to ensure that they take appropriate measures that safeguard the integrity and continuity of supply of networks and services.

Monitoring Service Quality

The MCA ensures that good-quality fixed and mobile electronic communications services are accessible for everyone in Malta. The MCA reviews quality of service (QoS) provision principles and policies on an ongoing basis, in light of technology evolution and a multiple operator environment. To the extent necessary the MCA will enforce and monitor QoS standards and measures, particularly in those areas where market forces may fall short of producing desired results.

Fixed broadband service providers are required to monitor and measure a number of QoS parameters that reflect the QoS at the subscriber's end. These QoS measurements are made

⁴ Refer to: <http://www.enisa.europa.eu/>

available to the MCA on a quarterly basis. The MCA may require fixed broadband service providers to publish the QoS performance indicators using a format which is easy to understand by consumers. Fixed broadband service providers are also required to appropriately inform their customers about the minimum, normally available, maximum and advertised broadband speeds they can expect to get.

In addition to the MCA's QoS framework tailored to fixed broadband services, the MCA will in 2017 establish a QoS framework applicable to mobile broadband operators' networks. The objective is to ensure that mobile broadband users are provided with comparable information on broadband coverage, speeds and quality of mobile data.

Continued Provision of the Universal Service

Monitoring GO's USO Performance - The MCA will continue to monitor the performance of GO's Universal Service Obligation (USO), including the quality of service delivered. GO, as the designated Universal Service Provider (USP), is required to provide a publicly available telephone network at a fixed location, capable of supporting voice, facsimile and data communications at data rates that are sufficient to permit functional internet access⁵ in areas where no other undertakings offer such a service at an affordable price. In addition, GO is obliged to provide an electronic telephone directory (including a smartphone telephone directory app), public payphones, directory enquiry services and specific measures for users with disabilities.

Assessment of Universal Service Funding Requests - The MCA will continue its work on universal service funding, mainly in relation to the assessment of applications for funding it receives from the USP. In order to determine whether an undertaking has suffered an unfair burden the MCA must calculate the net cost of the universal service. Net cost refers to the efficiently incurred costs arising from the provision of the service which the USP is unable to cover with the proceeds from the service, as against the cost of operating without the USO - taking into consideration the intangible benefits resulting from the provision of the service. At the request of the USP, it shall be reimbursed for the portion of the net cost of the universal service forming an unreasonable burden in line with legislation. In 2016 the MCA finalised an assessment of GO's claim for funding for the year 2013. In 2017 the MCA will finalise an assessment of GO's claim for funding for the year 2014.

Charting the Way Forward for TV Service Provision

Migration of General Interest TV transmission - As already mentioned earlier on, the use of the 800 MHz band for electronic communications services necessitates the migration of Channel 66, currently used for terrestrial television meeting General Interest (GI) objectives, to an alternative channel (Channel 43), which lies outside the 800 MHz band. The relevant frequency coordination agreements and technical conditions for the use of Channel 43 have been formally completed. The migration of the multiplex reserved for GI TV channels will be completed in the first quarter of 2017.

⁵ Currently at the discretion of the end-user, the designated universal service provider is required to provide a broadband connection at a guaranteed access line speed of 4 Mbps (subject to certain conditions).

Policy and Strategy Review for TV Transmission - The technology best suited for the transmission of TV broadcasting is changing rapidly, as is the spectrum that is available for broadcasting. A substantial portion of the 700 MHz radio spectrum band is currently used to deliver digital terrestrial television (DTT) services. As part of the review of the EU electronic communications framework the European Commission published its legislative proposals related to the 700 MHz band. The 700 MHz band will be released for mobile broadband across the EU by 2020 with the possibility for Member States to decide, for duly justified reasons, to delay the availability of the band by up to two years and without prejudice to constraints arising from cross-border frequency co-ordination with third countries. In return terrestrial broadcasters would be granted exclusive allocation in the UHF band below the 700 MHz (470 - 694 MHz) until 2030.

The redeployment of the 700 MHz band will necessitate a review of the television transmission policy which encompasses both commercial broadcasting and General Interest TV. The policy and strategy review for TV transmission started in 2016 and is expected to be completed by the end of 2017. The review will serve to provide direction to the market in respect of spectrum availability following the expiry of GO's radio spectrum licence for terrestrial TV transmissions in 2021 (three of GO's commercial TV channels fall within the 700 MHz radio spectrum band). In addition, the review will serve to update Government's policy for digital broadcasting that meets General Interest Objectives taking into consideration the developments in high-definition (HD) broadcasting.

Licensing Access to Radiocommunications Equipment

The MCA will continue to enhance the radiocommunications equipment licensing regime and will examine the scope for applying further general authorisations where appropriate.

In 2017 the MCA will finalise a review of the amateur radio licensing regime in order to regulate more effectively amateur radio licensees, taking into account recommended European harmonised arrangements. The MCA will also review the licensing regime with respect to the Private Mobile Radio (PMR) service in order to ensure the efficient use of spectrum. In addition, the MCA will establish an authorisation regime for personal location beacons (PLBs) and other similar devices used for search and rescue purposes.

Keeping the Radio Spectrum Free of Interference

Harmful interference complicates the task of making spectrum available for new uses in adjacent radio spectrum bands, where the cost of solving these problems can be significant. The MCA monitors the radio spectrum and takes action to prevent harmful interference and unauthorised use of spectrum. The increasing demand for (and use of) radio spectrum leads to a corresponding increase in the risk of interference. The MCA will continue to take action to prevent harmful interference and to mitigate it when it occurs.

In 2017 the MCA will invest in upgrading its radio spectrum monitoring facilities to be in a better position to plan for future assignment of radio spectrum as well as for monitoring all kinds of emissions, measuring of their technical characteristics and locating their sources.

Monitoring Electronic Magnetic Field Emissions

The MCA will continue its routine monitoring of electronic magnetic field emissions (EMF) with a view to ensuring that levels of electromagnetic radiation do not exceed the levels established by the International Commission of non-Ionising Radiation Protection (ICNIRP), which are also endorsed by the World Health Organisation (WHO). In addition, the MCA will maintain ongoing liaison with the department responsible for environmental health on EMF related issues and it will continue with its EMF auditing programme.

Priority Programme of Works 2017 – Strategic Objective T2

The table below contains a listing of the priority work streams for 2017 that will contribute to the achievement of [Strategic Objective T2](#).

Priority Programme of Works 2017 - Strategic Objective T2 (Electronic Communications)	
Project / Activity	Planned Output
Information, Empowering and Protecting Consumers	
Empowering consumers via the provision of information	<ul style="list-style-type: none"> – Ongoing provision of information to consumers via the MCA’s website, consumer guides and other relevant media
Monitoring of operator contracts	<ul style="list-style-type: none"> – Ongoing monitoring of operator contractual obligations
Implementing the Telecoms Single Market Regulation - Net Neutrality and Mobile Roaming Rules	
BEREC Guidelines for the implementation of Net Neutrality provisions	<ul style="list-style-type: none"> – Participation in BEREC stakeholder workshops – Feedback to BEREC on the national aspects of implementing the Net Neutrality Regulation through the application of the guidelines
Ensuring compliance with net neutrality principles	<ul style="list-style-type: none"> – Ongoing monitoring of the market and product offers by Internet Access Service Providers in line with Net Neutrality Guidelines
Roaming management and monitoring	<ul style="list-style-type: none"> – Monitoring to ensure that mobile operators are adhering to the obligations as set out in the roaming Regulations – Ensuring that consumer protection measures and pricing structures are adequately set in place
Broadband Quality of Services	
Fixed broadband QoS framework – Monitoring	<ul style="list-style-type: none"> – Compliance test related to the publication of the Typical Speed Range (TSR) by fixed broadband providers – Ongoing compliance with the fixed broadband QoS framework
Mobile broadband QoS framework	<ul style="list-style-type: none"> – Drafting of a mobile broadband QoS framework – Discussion with stakeholders <p><i>(Publication of Mobile QoS framework expected in Q1/2018)</i></p>
Ensuring integrity of networks and services	

Priority Programme of Works 2017 - Strategic Objective T2 (Electronic Communications)

Project / Activity	Planned Output
Security and integrity of networks and services	<ul style="list-style-type: none"> - Request from operators an assessment on the security and integrity of their networks - Review the current reporting guidelines
Continued Availability of the Universal Service / Financing of Universal Service	
Monitoring GO's Universal Service Obligations	<ul style="list-style-type: none"> - Ongoing monitoring of the USO by the designated operator and related reporting obligations
Review of GO's claim for funding of the net cost claimed to have been incurred to provide the USO - Year 2014	<ul style="list-style-type: none"> - Public consultation on proposed decision for 2014 funding claim - Decision on 2014 funding claim / source of funding
Charting the Way Forward for TV Service Provision	
Migration of General Interest TV transmissions from the 800 MHz band (from Channel 66 to Channel 43)	<ul style="list-style-type: none"> - Monitor the migration process with PBS / GO to ensure that the migration of GI TV transmission is concluded within the agreed timeframes - Provide support, as may be necessary, to facilitate the migration process of the GIO platform to TV Channel 43 - Inform the European Commission upon completion of the migration process of GIO transmissions to TV channel 43
Policy and Strategy Review for TV Transmission	<ul style="list-style-type: none"> - Review of existing TV transmission policy and strategy - Discussions with stakeholders - Policy proposal submitted to Government - Public consultation - Publication of policy and strategic review (<i>expected beginning 2018</i>)
Licensing Access to Radiocommunications Equipment	
Review of radiocommunications equipment licences – Personal Location Beacons (PLBs)	<ul style="list-style-type: none"> - Consult on a proposed licensing and registration framework for PLBs - Examine responses received to the consultation - Finalise regulations concerning the licensing / registration of PLBs - Submit draft regulations to Government and seek Government's approval on their implementation
Review of radiocommunications equipment licences -	<ul style="list-style-type: none"> - Public consultation on a revised licensing

Priority Programme of Works 2017 - Strategic Objective T2 (Electronic Communications)

Project / Activity

Planned Output

(Amateur Radio, Private Mobile Radio)

- framework for the amateur radio service
- Draft regulations and seek Government's approval on their implementation
- Review the current licensing regime governing PMR services

Keeping the Radio Spectrum Free of Interference

Spectrum Monitoring Equipment

- Request for proposals for the procurement of new spectrum monitoring equipment

Electromagnetic Field (EMF) Compliance

- Ongoing EMF monitoring and publication of results

T3 - Contributing to the development and implementation of electronic communications regulatory policy.

European / International Dimension

The MCA's ability to deliver its objectives is influenced by decisions made at both national and international level. Some of these decisions directly affect the MCA's mandate - for example by conferring additional responsibilities or powers. Other decisions have an important effect on the context within which the MCA operates, for instance decisions made about international harmonisation of spectrum allocation. At a national level, the MCA works with stakeholders so that it can be more effective in pursuing its objectives. At the international level, the MCA attends and participates in various EU and other international fora.

The EU continues to play a key role in shaping the regulatory scenario with respect to the electronic communications sector.

The Telecoms Single Market Regulation adopted in November 2015 set the scene for an end of roaming charges in June 2017 and established net neutrality rules protecting the right of every European to access Internet content without discrimination.

The European Commission's strategy for a European Digital Single Market launched in May 2015 covers the various aspects of a digital economy. It is built on three pillars: (1) better access for consumers and businesses to digital goods and services across Europe; (2) creating the right conditions and a level playing field for digital networks and innovative services to flourish; and (3) maximising the growth potential of the digital economy.

As part of the Digital Single Market Strategy, on the 14th September 2016 the European Commission presented a draft Directive for an Electronic Communications Code (ECC, the Commission's new description of the EU regulatory framework for electronic communications) along with additional (non-binding) broad targets for a 'Gigabit Society' and a 5G Action Plan. The European Commission also presented a separate draft Regulation on BEREC, the Body of European Regulators for Electronic Communications, and a draft Regulation to stimulate the deployment of local Wi-Fi networks in the EU.

The main legislative proposal relates to: (1) Access: Lighter regulation in return for network upgrades; (2) Spectrum: binding rules on spectrum assignment; (3) Consumer protection: additional obligations on OTTs; (4) Universal service: affordable broadband to be included in the USO scope; and (5) Governance: new roles and tasks for NRAs, BEREC and the Radio Spectrum Policy Group (RSPG).

The European Parliament and the Council will now have to determine their positions on the European Commission's proposal in order to reach a mutual agreement under the ordinary legislative procedure. The European Commission hopes that the legislative process will be finalised by the end of 2017. Member states would then have 18 months to transpose the directive into

national law, making the ECC fully applicable by mid-2019, according to the European Commission's schedule.

During 2017 the MCA will continue to contribute to the ongoing work co-ordinated by BEREC on the drafting of reports, positions and input papers, technical background analyses in the context of the regulatory framework review with a view of providing input to the EU institutions (both upon request and at BEREC's own initiative) on needs emerging during the legislative process.

In its role as adviser to Government on electronic communications policy and regulation, the MCA will provide advice to Government on the electronic communications framework legislative proposals. The MCA will ensure that any new legislation is proportionate, reflects the challenges facing the sector and meets the needs of consumers now and in the future.

The MCA's international obligations will, first and foremost, entail active participation in the following EU organisations:

- The Body of European Regulators for Electronic Communications (BEREC), which sets out Common Positions and statements of Best Practice to foster regulatory consistency and excellence across the EU.⁶
- The Radio Spectrum Policy Group (RSPG) which provides high-level strategic advice on spectrum policies to the European Commission.

The MCA will continue to contribute and participate in other EU organisations such as:

- The Communications Committee (COCOM), which assists the European Commission in carrying out its executive powers under the regulatory framework for electronic communications.
- The Radio Spectrum Committee (RSCOM), responsible for the development of implementing decisions with respect to technical measures that ensure harmonised conditions across Europe for the availability and efficient use of radio spectrum.
- The European Network and Information Security Agency (ENISA), in relation to incident reporting and security regulation.

The MCA will also continue to represent Malta in other international fora such as:

- The ITU with regard to preparation for participation in the ITU World Radio Conferences.⁷
- The European Conference of Postal and Telecommunications Administrations (CEPT), the International Regulators' Group (IRG) and other related workgroups.

⁶ The MCA will host the 4th IRG/BEREC Contact Network meeting to be held on the 16th and 17th November 2017.

⁷ The forum, held approximately every four years, is used to review and revise the international treaty governing spectrum. This treaty acts as a framework for global use of spectrum, helping regulators avoid interference between countries and enabling operators or equipment manufactures to improve economies of scale and interoperability. The most recent conference was held in November 2015 (WRC-15).

- The Internet Corporation for Assigned Names and Numbers (ICANN) and in the Commission's High Level Internet Governance Group (HLIGG).

In addition, the MCA will continue to provide advice to Government:

- on proposed EU legislative measures, recommendations and other communications; and
- on the interpretation and application of any new regulations, directives, recommendations, guidelines, advice and regulatory best practice and other EU documents as well as any related issues and disputes arising from them.

Pan-European Initiatives

The MCA will continue to actively contribute to pan-European initiatives in relation to:

- the harmonisation of spectrum for wireless broadband services - spectrum harmonisation brings many potential benefits including: economies of scale in equipment manufacturing leading to competitive services and products for consumers, and to greater technical efficiency and international mobility;
- the Digital Agenda for Europe which, amongst others, underlines the importance of broadband deployment to promote social inclusion and competitiveness;
- the ongoing submission of accurate statistics and information to the EU organisations;
- better access to emergency services - '112' - by extending the access requirements from traditional telephony to new technologies; and to
- the common European-wide telephone services of social value via the harmonised numbering range beginning with '116'.

Contribution to Government Policy

Supporting Government's Broadband Policy Direction - The MCA will continue to support Government's policy direction in facilitating broadband deployment to further promote social inclusion and competitiveness, coupled with the adoption of high-speed communications and the rolling out of efficient NGA broadband networks. To achieve this, the MCA will continue to work towards the implementation of the Digital Malta strategy.⁸

Contribution to Malta's Critical Infrastructure Protection Unit - The MCA will continue to contribute to the Malta Critical Infrastructure Protection (CIP) Unit with regard to issues related to the electronic communications sector. The Malta CIP Unit is entrusted with a co-ordinating role of all Critical Infrastructure Protection and Emergency and Disaster Management issues on a national level.

⁸ <http://digitalmalta.org.mt/en/Pages/Home.aspx>

Contribution to the National Cyber Security Strategy - The MCA will continue to contribute to the implementation of Malta's National Cyber Security Strategy.⁹

Promoting Internet Governance - The MCA will continue to promote Internet Governance principles through the Malta Internet Governance Forum. The Malta Internet Governance Forum, chaired by the MCA, is a national multi-stakeholder forum where industry, government, academia and civil society meet to discuss key issues associated with the Internet. Its aim is to provide a local forum that engages interested stakeholders in debate on Internet Governance issues.

⁹ <https://mita.gov.mt/en/maltacybersecuritystrategy/Pages/Malta-Cyber-Security-Strategy-2016.aspx>

Priority Programme of Works 2017 – Strategic Objective T3

The table below contains a listing of the priority work streams for 2017 that will contribute to the achievement of [Strategic Objective T3](#).

Priority Programme of Works 2017 - Strategic Objective T3 (Electronic Communications)

Project / Activity

Planned Output

European / International Dimension / Pan-European Initiatives

Digital Single Market - Review of the Electronic Communications Framework	<ul style="list-style-type: none"> - Submission of input to BEREC - Liaison with Government during Presidency of the EU Council - Advising Government with regards to Malta's position
EU and International policy and regulatory initiatives	<ul style="list-style-type: none"> - Ongoing participation and contribution in the following fora and related working groups: BEREC, RSPG, RSCOM, COCOM, IRG, ENISA, CEPT, ITU, ICANN and HLIGG

Supporting Contribution to Government Policy

Supporting Government's work in facilitating high-speed broadband deployment across Malta	<ul style="list-style-type: none"> - Implementation of actions emerging from the Digital Malta Strategy
Contribution to the Malta Critical Infrastructure Protection Unit initiative	<ul style="list-style-type: none"> - Contribution on issues related to the electronic communications sector
Contribution to the National Cyber Security Strategy	<ul style="list-style-type: none"> - Contribution to the implementation of the National Cyber Security Strategy

2.2 eCommerce and eTrust Services

E1 - Facilitating the development and uptake of eCommerce and other online services.

Implementation of relevant eCommerce Strategy initiatives

eCommerce purchases by Maltese users, mostly from abroad, continue to rise. Meanwhile local businesses still need to better exploit the possibilities offered by eCommerce. In order to balance this trend the MCA has in the past two years embarked on a strategy aimed at encouraging local commercial operators to increase their online presence and help bridge the eCommerce divide amongst SMEs.

In 2017 the MCA will review the National eCommerce Strategy (2014 -2020)¹⁰ at the half-way mark. The objective of the review is to look at the current line-up of initiatives, identify any gaps, look at future trends and finally update the strategy and work programme. In addition the MCA will focus its work on the following key tasks:

eCommerce Training for SMEs - The MCA will commence a three year EU funded project which focuses on the delivery of an accredited eCommerce training programme for individuals - covering the entire range of the eCommerce value chain from planning a business to the delivery of products and ensuring customer retention. The project revolves around the design and delivery of a blended accredited learning programme with the objective of assisting SMEs in developing the necessary skills related to eCommerce, supported by e-learning training material and online mentors.

Increasing Cloud Awareness in the SME Community - Cloud computing has the potential of lowering costs and increasing productivity and market opportunities for SMEs. The MCA will continue to help local business organisations and SMEs to gain a solid understanding of what the cloud offers and how it can benefit their operations.

Training in Digital Marketing to Industry - The MCA will continue to provide courses on digital marketing to different sectors, free of charge, following the success of the sessions held for the tourism/hospitality industry. The aim of this activity is to ensure that businesses across various industries fully appreciate and harness the economic opportunities made possible by online technology.

Online eCommerce Portal - The MCA will continue to focus its work on widening business sector awareness of its online eCommerce Portal.¹¹ The portal is a practical resource that provides easy access to information required by businesses who wish to take their operations online.

Public and Service Provider Awareness / Confidence - The MCA will continue to address a number of tasks in its ongoing thrust to increase public confidence in eCommerce and facilitate the proliferation of eCommerce activity. Such initiatives will include:

¹⁰ Refer to: <http://www.mca.org.mt/general/national-ecommerce-strategy-2014-2020>

¹¹ <http://www.onlinecommerce.org.mt/>

- Ensuring adequate awareness at a service provider level of obligations arising out of the eCommerce Act.
- Establishing methodologies in order to ensure that traders selling goods and services online employ industry standard best practices.
- Ensuring that customers are aware of their rights as well as avenues of redress.
- Providing adequate and up-to-date information to service providers regarding requirements relative to the take-up and pursuit of such services.
- Organising a bi-annual eCommerce forum to keep interested parties informed of regulatory and technical developments. The forum seeks to create an eCommerce community where industry players and other stakeholders can meet on a regular basis to discuss topics of mutual interest and to share experiences and knowledge.
- Carrying out an e-commerce survey within the business community. The survey serves to assess the adoption of eCommerce and ICT by local businesses and to gain a better understanding of barriers that certain business/industries are facing in implementing eCommerce services.
- Carrying out an eCommerce survey amongst households. The survey serves to assess the extent of Internet and eCommerce use in Malta and to gain a better understanding of the public's perception of e-commerce, including any difficulties, barriers, etc. The results will further assist the MCA in identifying initiatives that could increase confidence amongst consumers and businesses in using eCommerce.
- Participating and contributing to fora targeting the uptake of eCommerce amongst SMEs.

Priority Programme of Works 2017 – Strategic Objective E1

The table below contains a listing of the priority work streams for 2017 that will contribute to the achievement of [Strategic Objective E1](#).

Priority Programme of Works 2017 – Strategic Objective E1 (e-Commerce)

Project / Activity	Planned Output
National eCommerce Strategy	
Realignment of the National eCommerce Strategy	<ul style="list-style-type: none"> – Redefinition of the National eCommerce Strategy – Establishment of priorities and target areas – Publication of revised eCommerce strategy and revised work programme
Public and Service Provider Awareness / Confidence	
eCommerce eLearning Portal for SMEs	<ul style="list-style-type: none"> – Awareness campaign – Design of eLearning portal – Development of material for eLearning portal – <i>Delivery of training (2018)</i>
Increasing Cloud Awareness in the SME Community	<ul style="list-style-type: none"> – Survey targeting mostly SME business organisations to gather an understanding on the current situation vis-à-vis awareness on the cloud – Cloud focused conference involving key cloud vendors, customers and other interested organisations – Awareness sessions focusing on the different aspects of the Cloud
Training in Digital Marketing	<ul style="list-style-type: none"> – Ongoing training sessions on digital marketing for various sectors
Online eCommerce Portal	<ul style="list-style-type: none"> – Ongoing monitoring and updating of MCA's Online eCommerce portal
eCommerce Stakeholder Fora	<ul style="list-style-type: none"> – Hold bi-annual eCommerce stakeholder fora

EU eIDAS Regulation - Implementation

The EU Regulation 910/2014 on electronic identification and trust services for electronic transactions in the internal market (referred to as the 'eIDAS Regulation') adopted on 23rd July 2014 provides the framework for a predictable regulatory environment to enable secure and seamless electronic interactions between businesses, citizens and public authorities. In this regard, the eIDAS Regulation:

- ensures that people and businesses can use their own national electronic identification schemes (eIDs) to access public services in other EU countries where eIDs are available; and
- creates an European internal market for electronic trust services (eTS) - namely electronic signatures, electronic seals, time stamp, electronic delivery service and website authentication - by ensuring that they will work across borders and have the same legal status as traditional paper based processes.

The implementation of eIDAS means higher security and more convenience for any online activity. The eIDAS Regulation entered into force in September 2014. The rules for trust services started to apply as from July 2016. The mandatory mutual recognition of eIDs will apply from mid-2018.

The changes required to existing national legislation required to ensure legal consistency and clarity with the eIDAS Regulation - primarily the Electronic Commerce Act, Cap 436 and the Electronic Commerce (General) Regulations, SL426.02 - were adopted in July 2016. The eIDAS notification form and fees structure have also been established.

As the body tasked with the supervision of qualified trust service providers, the MCA will supervise qualified trust service providers to ensure that the qualified trust services they provide meet the requirements of the eIDAS Regulation.

In 2017 the MCA will finalise an exercise to establish the necessary procedures and guidelines for the effective implementation and monitoring of the eIDAS Regulation with regard to qualified trust service providers.

Priority Programme of Works 2017 – Strategic Objective E2

The table below contains a listing of the priority work streams for 2017 that will contribute to the achievement of [Strategic Objective E2](#).

Priority Programme of Works 2017 – Strategic Objective E2 (e-Trust Services)

Project / Activity

Planned Output

Implementation of eIDAS Regulation

eIDAS Regulation – Implementation and Monitoring

- Development of processes, procedures and guidelines
- Conformity reporting requirements
- Ongoing monitoring

2.3 Postal Services

P1 – Safeguarding sustainable competition in the postal sector.

Management of the Postal Services Regulatory Framework

In recent years, there have been significant developments in the postal sector due to changing consumers' needs or preferences and innovative electronic services such as transactions using electronic platforms. As a result of digital substitution, letter mail volumes have been declining in recent years for most countries. The change in the way consumers are using the postal service and the decline in letter mail volumes may lead to the need for a redefinition of the scope of the universal postal service including an analysis of its sustainability, given the changing conditions in the sector. On the other hand, the importance of parcel delivery services to both business and consumers is increasing due to eCommerce.

The development of eCommerce in Malta is driving growth mainly in incoming international parcel and packet volumes. These growing parcel and packet volumes provide prospects not only for the established postal operators but also for new market players. On the delivery side, eCommerce offers operators the opportunity to diversify their portfolio, establish new business models, implement new and improve existing quality and establish new postal infrastructures. eCommerce offers a dynamic setting for a wide variety of operators, including the incumbent operators, already established competitors as well as new market entrants. As a result the postal services market is facing both challenges and new opportunities.

MaltaPost is currently classified as having Significant Market Power (SMP) in all the markets falling within the scope of the universal postal service and is thereby liable to the continued application of cost-orientation and tariff approval, among others. These *ex-ante* remedies imposed on MaltaPost aim to prevent anti-competitive practices and to safeguard the interests of users and operators alike.

The obligation for MaltaPost to keep separate accounts for each postal service it provides, as part of the universal postal services or otherwise, allows the MCA to assess compliance with the tariff principles of the Postal Services Act. The regulatory financial reporting requirements provide the MCA with sufficient information to understand and monitor the financial sustainability and efficiency of the provision of the universal postal services. They also inform the MCA on how cost and revenues are allocated across different parts of the business and the relative profitability of different products.

In 2017 the MCA will continue to enhance its current price control model used to monitor MaltaPost's tariffs and price change requests raised by MaltaPost. In assessing claims for changes in tariffs the MCA considers whether the universal postal service is provided at prices which relate to cost and give incentives for efficient universal service provision. In addition, the MCA will continue to monitor the application of the current *ex-ante* remedies as well as the relevant postal service markets, the aim being to ensure that market review decisions remain relevant and that remedies reflect any changes in the markets.

Management of Postal Compliance Framework

The MCA will ensure compliance of both licensed operators providing services within the scope of the universal postal service and operators subject to a general authorisation providing only services that fall outside the scope of the universal postal service.

The MCA will continue to ensure that operators that offer services that fall within the scope of the universal postal service are appropriately licensed to carry out such activities. This is particularly important for safeguarding the provision of the universal postal service.

It is essential that effective regulation is applied to ensure that universal postal services are provided and are readily available. In this respect, the MCA will continue to monitor the USP's compliance with its regulatory obligations. In addition, the MCA will continue to:

- promote the development of the postal sector and facilitate the development of sustainable competition and innovation in the market of postal service provision;
- provide information regarding the provision of postal services in Malta; and
- collect relevant, accurate and timely information on the postal market in an efficient and effective manner and include this in published bi-annual market reviews.

This activity is supplemented with public and business perception surveys as necessary. The results of these surveys serve as an additional source of information of regulatory decisions, as well as an indication of how postal users' needs are changing over time. In 2017 the MCA will publish the findings of a consumer perception survey of the postal sector carried at the end of 2016. The MCA will also carry out a business perception survey of the postal sector.

Priority Programme of Works 2017 – Strategic Objective P1

The table below contains a listing of the priority work streams for 2017 that will contribute to the achievement of Strategic Objective P1.

Priority Programme of Works 2017 – Strategic Objective P1 (Postal)	
Project / Activity	Planned Output
Development in the Postal Services Markets	
Monitoring the postal service markets	<ul style="list-style-type: none"> – Ongoing monitoring of sector competition developments to ensure a competitive and sustainable postal services market
Monitoring MaltaPost’s volumes	<ul style="list-style-type: none"> – Ongoing monitoring of postal volumes (in particular letter mail volumes) and the impact on the cost of providing the universal postal service
MaltaPost’s Price Control Framework	
Price control framework to ensure sustainability of the USO provision	<ul style="list-style-type: none"> – Monitoring any price change requests made by MaltaPost
Regulatory financial reporting	<ul style="list-style-type: none"> – Ensuring MaltaPost’s compliance with the regulatory financial reporting requirements – Ongoing monitoring of MaltaPost’s financial performance with regard to the universal postal service
Maintaining Compliance Framework	
Collection of relevant, accurate and timely information on the postal markets	<ul style="list-style-type: none"> – Inclusion in bi-annual market review report and the quarterly data sheets
Postal consumer perception surveys (households, micro-businesses and bulk mailers)	<ul style="list-style-type: none"> – Postal survey fieldwork (households - Q4/2016) – Postal survey fieldwork (micro-businesses, bulk mailers) – Publication of results of postal surveys
Compliance, enforcement and investigations	<ul style="list-style-type: none"> – Ongoing monitoring and enforcement of operators licensed to provide services within the scope of the universal postal service and operators subject to a general authorisation providing only services that fall outside the scope of the universal postal service

P2 - Ensuring that postal undertakings provide a transparent, value-for-money service to users whilst adhering to incumbent social obligations.

Ensuring Sustainability of the Universal Postal Service

The Universal Service Obligation (USO) requires MaltaPost to, among other things, collect and deliver letters six days a week at an affordable and geographically uniform price to every address in Malta. In this respect the MCA has the duty of ensuring the stable provision of the universal postal service, whilst considering the need for the universal postal service to be financially sustainable and to be provided in a cost-efficient manner.

As already mentioned above, due to the trend towards digitalisation and the corresponding changes in communication and purchasing preferences, in recent years the relevance of postal services in economies and every-day life has fundamentally changed. The development of eCommerce platforms has triggered an increase in demand for letter packets and parcels. Conversely, letter volumes are expected to continue to decline due to e-substitution.

MaltaPost is responding to the decline in letter volumes through a combination of cost savings and the development of new revenue streams, leveraging the ubiquity of its post office network. Furthermore MaltaPost has necessarily increased postage rates in order to continue to ensure the sustainable provision of the universal postal service. Although financial improvements have been registered by MaltaPost in the provision of the USO, mainly due to price adjustments, ongoing challenges persist as letter mail volumes continue to decline as more users switch to electronic alternatives.

With decreasing letter mail volumes, further price increases to boost revenues and cover additional costs are unlikely to prove effective given the alternative methods of communications - increasing prices may simply hasten the move to greater use of electronic alternatives, therefore making the scope of raising prices limited. The forecast continuation in the decline in letter volumes increase the net cost of the universal postal service provision which might result in the economic sustainability of the universal postal service being jeopardized in the long term.

In 2016 the MCA carried out an exercise to review potential changes to the minimum set of universal postal services, whilst maintaining the reasonable needs of postal service users. Possible variations to the universal postal service mainly fall into two main categories: (1) changes to the daily collection and deliveries (such as five days a week instead of six); and (2) changes to access points (letterboxes, postal outlets) to the postal network.

In 2017 the MCA intends to consult with Government on the potential changes to the Postal Services Act to allow for additional flexibility in defining the USO, in order to reflect market developments and the changing needs of postal service users. The amendments to the Postal Services Act will enable the MCA to eventually adjust the frequency of the clearance and delivery days of mail from the existing six to five days a week. It is understood that such a change would be resorted to only if deemed necessary as a result of a deterioration in MaltaPost's market situation. Before implementing any such change in the provision of the USO, the MCA would first engage in a

consultation process with all stakeholders regarding proposed changes to the clearance and delivery schedule and any other contemplated measure.

Maintaining Compliance Framework

The MCA will continue to keep the public informed of postal market developments and postal trends that are taking place within the postal sector. In addition, the MCA will continue to empower postal service users by providing information regarding the provision of postal services in Malta.

Every postal service provider must set out procedures, standards, and policies with respect to the handling of complaints from postal service users; these in particular relating to loss, theft, damage, or quality of service. The MCA will continue to ensure that procedures set by the respective postal service providers are sufficient and contain appropriate information to secure effective protection of postal service users.

The MCA will continue to monitor compliance by the USP and other service providers in relation to protecting the integrity and security of mail, access to universal postal services, complaints handling procedures and compensation schemes, as well as quality of service.

Priority Programme of Works 2017 – Strategic Objective P2

The table below contains a listing of the priority work streams for 2017 that will contribute to the achievement of [Strategic Objective P2](#).

Priority Programme of Works 2017 – Strategic Objective P2 (Postal)

Project / Activity

Planned Output

Continued Availability of the Universal Service

Review of the Universal Service Obligation	– Consultation with Government on proposed changes to Postal Services Act
Monitoring of the USP's activities and other service providers	– Ongoing monitoring of mail integrity, postal service schemes, QoS and complaints handling

P3 - Contributing to the development and implementation of postal regulatory policy.

Policy Development and Implementation

The MCA will continue to contribute to the development and implementation of postal regulatory policy. The MCA will continue to achieve this objective by means of the following key activities:

- Ongoing provision of advice to government on proposed EU legislative measures and other communications.
- Ongoing provision of advice to Government on the interpretation and application of any new Regulations, Directives, Recommendations and other EU documents as well as any related issues and disputes which may arise.
- Active participation and contribution to the European Regulators Group for Postal Services (ERGP) responsible for advising and assisting the European Commission in consolidating the internal market for postal services and ensuring the consistent application of the European postal regulatory framework for postal services.
- Participation in the European Commission's Postal Directive Committee and the European Committee for Postal Regulation (CERP).¹²
- Ongoing submission of detailed statistics and information to the EU and other international organisations.
- Collaboration with peer regulators on a one-to-one basis or collectively in the relevant organisations.

Enhancing Regulatory Oversight of Cross-border Parcel Delivery

In May 2016 the European Commission published its legislative proposal aimed at enabling cross-border eCommerce to flourish at a greater pace. The proposed measures set to improve price transparency and enhance regulatory oversight of parcel delivery, so that consumers and retailers can benefit from affordable deliveries and convenient return options, one of the strongest drivers of cross-border eCommerce.

The proposed Regulation on cross-border parcel delivery is currently subject to legislative deliberations by the European Parliament and the Council. The MCA will provide advice to Government on the legislative proposals. The MCA will ensure that any new legislation is proportionate, reflects the challenges facing the sector and meets the needs of consumers now and in the future.

¹² With the formation of the ERGP, the MCA's work in CERP has been scaled back.

Priority Programme of Works 2017 – Strategic Objective P3

The table below contains a listing of the priority work streams for 2017 that will contribute to the achievement of Strategic Objective P3.

Priority Programme of Works 2017 - Strategic Objective P3 (Postal)

Project / Activity

Planned Output

European / International Dimension

EU / International policy and regulatory initiatives

- Ongoing participation and contribution in the following fora and related working groups:
- ERGP and the Postal Directive Committee

Cross-border parcel regulatory oversight

- Advise to Government on proposed Regulation on cross-border parcel delivery services

2.4 Information Society

IS1 - Achieving widespread eLiteracy and digital inclusion.

Digital Inclusion

During 2017 the MCA will continue with the implementation of a number of actions aimed at facilitating and supporting the development of a digital society that capitalises on the opportunities brought about by ICTs for social cohesion and economic development. The MCA will continue to focus its work on initiatives targeted specifically at growing the ICT capabilities of both citizens and businesses. Initiatives will target the most vulnerable and disadvantaged groups and individuals not only to bridge the digital divide, but also to encourage youngsters to eventually take up ICT as a profession.

It is recognised that advancing further in broadband uptake necessitates fresh, targeted approaches in addressing the digital divide. The MCA will in 2017 review its strategy which shall potentially identify new streams and ICT developments which may widen or create new digital divides. The MCA will update its work programme, as necessary, based on the outcome of the strategy review.

During 2017 the MCA will focus its work on the following key tasks:

(a) Digital Inclusion Programmes

- **Training for the Elderly** - The MCA together with the Parliamentary Secretariat for Rights of Persons with Disability and Active Ageing will develop and deliver a new training programme targeting senior citizens to encourage increased ICT take-up and enhance active living among this segment of the population. An estimated 1000 individuals attending day care centres and residents in Government elderly homes are expected to participate in the sessions.
- **ICT for the Disabled** - The MCA will carry out a workshop for employers to facilitate the employment of persons with disabilities. The seminar will inform and raise awareness on how ICT can aid employers employ persons with disabilities.
- **Continuation of coding experience amongst children and youths** - The MCA will continue to promote coding skills amongst children and youths between the ages of 5 and 17. Coding offers a learning environment where young people can learn a variety of coding languages at no cost. This will enable them to develop websites, apps, programs and games, and will also encourage youngsters to open up to the possibility of ICT as a profession.
- **Internet Banking Training** - The MCA will commence training sessions to encourage more use of internet banking by the general public. Such training sessions may encourage people to make use of the Internet in a more effective manner.

(b) Facilitating Access and Opportunity

- **Further Proliferation and Upgrading of Free Wi-Fi hotspots** - The MCA will continue providing free Wi-Fi access in key public spaces together with local wireless broadband players. In 2016 the MCA put in place a wider, more reliable and resilient service for free Wi-Fi access. The MCA currently provides 300 free Wi-Fi hotspots across various open spaces and public buildings across Malta and Gozo. In 2017 the MCA plans to install a further 100 more free Wi-Fi hotspots. The MCA also provides a mobile app showing the location of free Wi-Fi hotspots that are available in the Maltese islands. Public free Wi-Fi hotspots constitute another tool that promote the use of internet and encourage the uptake of broadband and, in particular, mobile broadband.
- **GetSmarter (Maximising the use of your SmartPhone)** - The MCA will commence training sessions to encourage smartphone users to maximise the use of the device, particularly as a productivity tool. The initiative which will be organised in conjunction with the telecom operators, will encourage the uptake of broadband and, in particular, mobile broadband.
- **WebCheck Initiative** - The WebCheck initiative is intended to improve the online presence of small sector-specific organisations. The MCA has applied the “WebCheck” model to various vertical segments such as sports clubs/organisations and the hotel industry. In 2016 the MCA worked with local councils to further develop their on-line strategy with an emphasis on the use of social media platforms. In 2017 the MCA will extend the WebCheck Initiative to Local Band Clubs with the aim of encouraging them to make good use of the Internet (social media and websites) in order to better reach their audiences and explore new niches.

(c) Building Digital Skills and Competencies for a Networked Society

- **BeSmartOnline! Project** - In conjunction with key local stakeholders, the MCA will continue participating in the EU Safer Internet Programme. This will include a series of media campaigns, publications, school campaigns and information days targeting children, their parents/carers, and educators. In addition the MCA will continue promoting tips and guidelines on how to enjoy the benefits of the Internet safely.

(d) Encouraging e-Business Solutions

- **eBusiness Awards** - In April 2017 the MCA plans to hold the sixth edition of the *eBusiness Awards* aimed at: promoting entrepreneurship, technological innovation and knowledge transfer amongst local enterprises; and giving exposure to best solution providers that may contribute to the development of business and the industry. The *eBusiness Awards* complement the MCA’s efforts to facilitate the take-up of ICT and promote eBusiness, whilst at the same time offer a platform for participants to showcase their innovative solutions to the business community and the general public.

Priority Programme of Works 2017 – Strategic Objective IS1

The table below contains a listing of the priority work streams for 2017 that will contribute to the achievement of *Strategic Objective IS1*.

Priority Programme of Works 2017 – Strategic Objective IS1 (Information Society)

Project / Activity

Planned Output

Information Society Strategy

Realignment of the Information Society (IS) Strategy	<ul style="list-style-type: none"> – Internal focus group brain-storming (Q4/2016) – Creation of a Think-Tank (Q4/2016) – Outline of ideas from the Think-Tank and internal focus group – Publication of IS Strategy document
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Digital Inclusion Programmes - Inspiring Everyone to Get Online

Training for the elderly on the effective use of ICTs	<ul style="list-style-type: none"> – Preparation of content and printing of training booklets and work sheets (Q4/16) – Commencement of approximately 30 training sessions (Q4/16) – Continue training sessions for the elderly
ICT for the Disabled - Seminar for employers on the use of ICT to facilitate the employment of persons with disabilities	<ul style="list-style-type: none"> – Seminar to introduce the subject that touch with different forms of disability with employers and assess any future training requirements that facilitate the employment of people with disability – Develop guidelines for employers
Coding experience amongst children	<ul style="list-style-type: none"> – Ongoing coding sessions to children attending public, church and independent schools
Internet Banking Training	<ul style="list-style-type: none"> – Develop content for training – Commence training sessions
GetSmarter - SmartPhone Initiative	<ul style="list-style-type: none"> – Liaise with stakeholders, particularly operators, on the initiative (Q4/2016) – Development of content material (Q4/2016) – Rolling promotion to attract participants – Commence training sessions

Facilitating Access and Opportunity

Further proliferation of free Wi-Fi hotspots in public places	<ul style="list-style-type: none"> – Ongoing monitoring of free Wi-Fi spots installed across Malta and Gozo – Identification of new free Wi-Fi spots
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Priority Programme of Works 2017 – Strategic Objective IS1 (Information Society)

Project / Activity	Planned Output
WebCheck – Local Band Clubs	<ul style="list-style-type: none"> - Promotion on the free use of Wi-Fi - Reach a collaborative agreement with the Malta Band Club Association - Identify interested band clubs and analyse requirements in relation to the development of their online strategies - Present findings and suggestions for improvement to the participating local band clubs
<i>Building Digital Skills and Competencies for a Networked Society</i>	
Be Smart Online!	<ul style="list-style-type: none"> - Safer Internet Day - Resource to distribute in schools (accompanied by Facebook campaign for parents) - Consultation meeting with Youth and stakeholders - Website improvements - Commence Marketing Campaign - Seminar for teachers - Participation in Summer Schools
<i>Encouraging eBusiness Solutions</i>	
eBusiness Awards	<ul style="list-style-type: none"> - Conduct eBusiness Awards event - (planned to be held in April 2017) - Disseminate winning solutions - Recommendations for the next round of awards planned for March 2018

2.5 Innovation and Business Development

IN1 - Promoting and facilitating business development and innovation in the sectors under the MCA's purview.

Promoting and Facilitating Innovation and Business Development

With the extension of the MCA's mandate in 2014 to promote Malta as a destination for high-value commercial users of communications services and ICTs, the MCA began looking closer at identifying potential areas of growth that would place Malta on the global digital map.

The MCA embarked on a multi pronged work-stream intended to promote and facilitate business development and innovation in the sectors under the MCA's purview. The experience to date has yielded positive results and feedback. The MCA has been active in provoking and facilitating dialogue and growth of digital businesses in Malta, either through its own initiative, or in synergy with other stakeholders active in the field. This culminated in the organisation of the largest tech start-up event ever organised in Malta, ZEST.¹³

In 2017 the MCA will continue to focus its work on stimulating, facilitating and promoting the digital growth of digital business activity in Malta coupled with facilitating and concerting intra-organisational discussion and foresight development across the following four innovation fronts:

Fostering an Innovation Culture - To achieve growth in digital business activity Malta needs to embrace a culture that favours innovation and home-grown tech entrepreneurship. Such a culture would contribute towards further growth in the pool of tech entrepreneurs or human resources able and willing to join tech start-ups. Moreover, an innovation culture can help reduce the known gap in STEM (Science, Technology, Engineering and Mathematics) subject take-up amongst Maltese students and graduates. Under this thrust the MCA will continue to undertake outreach activity that encourages and promotes home-grown tech entrepreneurship and innovation. During 2017 the initiative will focus on:

- promoting and raising awareness on tech entrepreneurship at a young age;
- providing recognition to Malta-based success stories via Tech Ambassadors and eBusiness Award for best Tech Start-Up;
- fostering partnerships and collaboration with educational institutions and other entities involved in promoting innovation and tech entrepreneurship such as Junior Achievement Young Enterprise (JAYE) Malta Foundations and the University of Malta; and
- maintaining innovation outreach through MCA Innovation Observatory (a social media channel for dissemination of intelligence in areas related to innovation communications) and other channels.

¹³ <http://www.zest.org.mt/>

In November 2017 the MCA will once again hold a "Budding Rockstars" event on entrepreneurship and creative innovation targeted at Malta's brightest young minds. Fifth Form students are introduced to the exciting world of entrepreneurship and innovation through panel discussions, presentations and group activities.

An Enabling Environment for Tech Entrepreneurship - The quality of the business environment within which digital businesses operate is critical. Improving this environment would in turn better enable digital businesses to scale fast, efficiently and in a sustainable manner. An enabling environment should be underpinned by the principles of timely support provision, intelligence sharing, and open collaboration amongst the multiple stakeholders involved. In light of the above, the MCA will contribute towards establishing or improving an enabling environment for tech entrepreneurship. This activity includes:

- helpdesk service to address business enquiries;
- generating intelligence on the health of this business environment and subsequently informing policy; and
- consultation with stakeholders to stimulate debate, cooperation and synergising national efforts.

Growing Malta's Digital Business Community - Digital businesses are more likely to succeed if they operate within a community that is growing in a sustainable manner. Moreover, community growth would engender additional networking, sharing of best practices and facilitate strategic partnerships. Underlining this thrust are a number of envisaged actions, including:

- measuring and mapping digital business activity in Malta, in particular to determine growth trajectory and economic contribution;
- stimulating community networking by bringing together and educating relevant stakeholders; and
- participating in, and support to, events organised by the digital business community or other third-parties.

The 2017 ZEST Conference is planned to be held on the 19th and 20th September 2017. ZEST is a two-day networking event focused on the premise of breaking borders: how digital businesses and ICTs are contributing to global business that transcends traditional boundaries and geopolitical limitations.

Increased Visibility for Malta's Digital Business Community - The MCA will continue to increase visibility for Malta and its digital business community, by capitalising on local success stories and the country's value proposition. This would in turn raise Malta's attractiveness amongst entrepreneur and investor communities in foreign jurisdictions, and potentially trigger off inward-migration of startup founders, angel investors, Venture Capitalists (VC) funds or talent. Such influx would enrich Malta's digital business community and strengthen its sustainability and relevance to the national economy. This thrust includes activity along the following lines:

- international branding and promotion campaign utilising developed promotional tools and resources (e.g. promo brochure, testimonial videos, ZEST social media channels focused on disruption, digital business and innovation);
- development of additional promotional resources with a niche focus (e.g. tech startups in Nordic regions); and
- showcasing Malta at international tech events (e.g. Malta Stand at Web Summit).

The above-mentioned thrusts and the envisaged actions should culminate in the formation of a sustainable digital business ecosystem that induces and supports tech entrepreneurs to set up or transfer business to Malta. In the process, this would result in increased relevance of digital businesses to the national economy whilst garnering the country's ecosystem improved visibility and international repute.

Satellite Communications Services

During 2017 the MCA will continue working on a number of initiatives aimed at increasing the country's participation in the satellite communications industry.

Framework on MCA's Satellite Activities - The MCA will establish a framework which seeks to consolidate the MCA's satellite communications activities:

- The use of space resources is subject to the international regulations of the ITU. These regulations establish the framework which needs to be followed by ITU member states in order to register new space resources. In this regard the MCA prepared procedures which are intended to guide satellite operators interested in registering space resources with the ITU through Malta. The satellite filing process was endorsed by Government in the first half of 2016. The MCA will in 2017 investigate the feasibility for adopting a model similar to a Public Private Partnership (PPP) model in relation to the management of satellite filings and related activities.
- In the context of the EU space strategy and Malta's national space policy - to be published by the Malta Council for Science and Technology (MCST) in the first quarter of 2017 - the MCA will explore the needs and the opportunities for the satellite communications industry.

Galileo Global Navigation Satellite System (GNSS) and Public Related Service (PRS) programme - The MCA will continue to support local industry and academia participating in the Galileo projects. The MCA will also continue to support Government by participating in programme committee, evolution and supervisory authority meetings.

Liaison with other Entities - The MCA will continue working with Malta Enterprise (ME) to identify existing incentives and develop new incentives, as may be necessary and feasible, targeted at facilitating the establishment of a space industry in Malta.

Embarking on the Next Stage of the International Connectivity Project

Establishment of a New Submarine Cable Link: In 2015, the MCA completed a feasibility study which assessed the technical, economic and financial implications for a new submarine cable link connecting Malta to other alternative locations. The study confirmed that a new connection to mainland Europe via a locally-owned, government-subsidised or EU funded branch to a trans-Mediterranean submarine cable, would increase diversity and strengthen Malta's credibility as a destination for international business investment. Furthermore, in view of the continuous roll-out of innovative technologies, increased international connectivity would also ensure that the country's long-term international telecoms connectivity requirements can be met, whilst improving its competitive edge against other jurisdictions. In 2016 Government approved the recommendations of the study. The MCA was given the mandate to commence the next phase of the project which primarily comprises of setting up a Joint Venture that will eventually manage the cable, explore sources of funding and work on state aid approval. The MCA is currently in discussion with the advisory arm of the European Investment Advisory Hub of the European Investment Bank to conduct further exploration of national and EU funding, and finalise the preferred investment model.

Making Spectrum Available to Enable New and Innovative Services

Radio spectrum is an asset that enables innovation and investment. The MCA will continue to make spectrum available to enable new and innovative technologies and services.

Test and Trial Licences – Having regard to future trends, including the increased demands for advanced mobile services, potential impacts of the internet of things (“IoT”) and 5G, and new wireless opportunities associated with satellite communications, the MCA will continue to promote the uptake of test and trial licences. Malta's location offers local and international companies a unique opportunity to test innovative technologies and service implementations on a national scale and at minimal costs.

Developments in 5G mobile technologies - The MCA will continue to follow developments across the world on defining what constitutes 5G - from technologies and networks to applications, markets and business models. The MCA will also follow the approaches being taken at a European and international level on the standardisation of 5G, with the aim introducing its availability from 2020. 5G is expected to be a key enabler for M2M communications and for IoTs. M2M represents one of the fastest growing segments of the wireless communications market where other types of identifiers may be considered in the future, in addition to ordinary forms of numbering identification, facilitating pan-European or global services.

Exploring the Business Potential of Trust Service Providers

In line with the MCA's mandate to promote Malta as a destination for high-value commercial users of communications services and ICTs, the MCA will also explore the business potential of trust services providers via the possible establishment of Malta as a venue for registration of qualified trust services providers.

Priority Programme of Works 2017 – Strategic Objective IN1

The table below contains a listing of the priority work streams for 2017 that will contribute to the achievement of Strategic Objective IN1.

Priority Programme of Works 2017 - Strategic Objective IN1 (Business Development and Innovation)

Project / Activity

Planned Output

Promoting and Facilitating Business Development and Innovation

Fostering an Innovation Culture	<ul style="list-style-type: none"> – Carrying out events promoting tech entrepreneurship at a young age (e.g. Budding Rockstars event planned for November 2017) – Recognition to Malta-based success stories (e.g. Tech Ambassadors, eBusiness Award for Best Tech Start-Up) – Participation in SME week – Partnerships and collaboration with educational institutions and other entities involved in promoting innovation and tech Innovation outreach through MCA Innovation Observatory and other channels
Tech Entrepreneurship Community	<ul style="list-style-type: none"> – Benchmarking study on Malta’s 2016 startup ecosystem (Q4/2016) – Publish findings of benchmarking study – Maintaining a help desk service to address business enquiries – Generating intelligence on the health of this business environment and subsequently informing policy – Consultation with stakeholders to stimulate debate, cooperation and synergising national efforts
Increasing Malta’s visibility in the digital business	<ul style="list-style-type: none"> – International branding and promotion campaign utilising developed promotional tools and resources (e.g. promo brochure, testimonial videos, ZEST social media channels); – Development of additional promotional resources promoting start-ups – Showcasing Malta at international tech events (e.g. Malta Stand at Web Summit).
Growing digital business community	<ul style="list-style-type: none"> – Measuring and mapping digital business activity in Malta – Stimulating community networking by bringing

Priority Programme of Works 2017 - Strategic Objective IN1 (Business Development and Innovation)

Project / Activity

Planned Output

	<ul style="list-style-type: none"> together and educating relevant stakeholders – Participation in, and support to, events organised by the digital business community or other third-parties. – ZEST Malta 2017 Conference
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Embarking on the Next Stage of the International Connectivity Project

International Connectivity – Establishing a new submarine cable link	<ul style="list-style-type: none"> – Establishment of financial and operating models – Explore sources of funding – Presentation of models – State aid clearance
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Development of satellite and space communications services

Satellite Communications - Management of satellite network filings	<ul style="list-style-type: none"> – Kick-off PPP feasibility study and stakeholder meetings – Expression of Interest (EoI) preparation and issue – Evaluation of responses received
Galileo – Participating in the GNSS and PRS programme	<ul style="list-style-type: none"> – Attending programme committee, evolution and supervisory authority meetings – Increasing public awareness, visibility and interest in Galileo and supporting dissemination of project results – Stimulating collaborative research across industry and academia and developing skills and knowledge transfer – Assisting government, industry and academia to foster academia-industry relationships that benefit each party – Enhancing knowledge transfer and sharing of lessons learned with other Member States

Making Spectrum Available to Enable New and Innovative Services

Test and Trial Licences	<ul style="list-style-type: none"> – Promoting the uptake of test and trial licences
Developments in 5G mobile technologies	<ul style="list-style-type: none"> – Monitoring the developments in 5G mobile technologies

Exploring the business potential of trust service providers

Business potential of trust service providers	<ul style="list-style-type: none"> – Exploring the business potential of Malta as a place for registration of qualified trust service providers
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2.6 Organisational

The MCA is committed to maintaining an efficient and effective strategic and business planning function, supported by the monitoring of actual performance against set targets. In order to optimise its performance, the MCA is also committed to ensuring that its employees possess the necessary expertise to contribute fully towards the achievement of the MCA's objectives. The MCA will ensure that their knowledge remains up-to-date through ongoing investment in training and continuous learning.

The MCA's website is a key communications channel for engaging with a range of stakeholders including industry and consumers. The website contains a vast amount of information about who we are, what we do, our legal basis and the structure of the MCA, along with publications, decisions and consultations. In 2016, the website was entirely updated. The MCA will continue to ensure that the content of the website is kept up-to-date and may be easily used by its stakeholders. The MCA will continue to focus on the development of new e-services, as well as the efficient utilisation of existing ones, both internally to simplify interaction within MCA as well as externally to all its stakeholders.

In 2017 the MCA will review and update its communications strategy, which will draw together existing and planned work required for maintaining and enhancing consumer, public, industry and international confidence; creating effective public awareness of the MCA's activities and building support for the MCA's policies, programmes and operations.

On the 1st January 2017 Malta assumed the six-month rotating presidency of the EU Council. The MCA will play a supporting role by providing technical expertise to the Presidency, such as drafting of Council Proposals and Conclusions, review of feedback, and possibly attending some meetings on behalf of Government. This will inevitably place additional demands on the MCA's resources and it is important to secure organisational agility during this period. As part of Malta's Presidency of the EU Council in 2017 the Authority will, together with MITA, support Government with the necessary preparations to host the Digital Assembly in Malta. The 2017 edition of the Digital Assembly is planned to take place on the 15th and 16th June 2017.

Priority Programme of Works 2017 – Organisational

The table below contains a listing of the priority work streams for 2017 that will contribute to working effectively.

Priority Programme of Works 2017 – Organisational	
Project / Activity	Planned Output
Organisational	
Malta's Presidency of the EU Council	<ul style="list-style-type: none"> – Ongoing support to Government in the preparation and during Malta's Presidency of the EU Council – Participation in Council Working Party meetings
Review of MCA's Communications Strategy	<ul style="list-style-type: none"> – Drafting of a Communications Strategy 2017 - 2020 – Communications Plan 2017 – Ongoing implementation of the strategy and communications plan
Strategy and business plan	<ul style="list-style-type: none"> – Publication of MCA's Strategy Update for 2017 - 2019 – Publication of Annual Work Programme 2017 – Strategy Update for 2018 - 2020 – Development of MCA's Business Plan 2018 - 2020
Annual report and financial statements	<ul style="list-style-type: none"> – Publication of MCA's Annual Report 2016
Performance management review	<ul style="list-style-type: none"> – Ongoing quarterly organisational performance management reviews
Monitoring Information Management Systems	<ul style="list-style-type: none"> – Ongoing monitoring and upgrading of the MCA's information management systems
Review of processes and procedures	<ul style="list-style-type: none"> – Ongoing review of the MCA's business processes and procedures
Staff training	<ul style="list-style-type: none"> – Ongoing staff training in both soft and hard skills

2.7 Delivery of the Work Programme

Delivering on all areas of its work programme is vital for the MCA to meet its statutory duties towards citizens and consumers. The MCA will work to ensure that the priority work streams identified for 2017 are adequately resourced to ensure delivery of its planned objectives. Where additional resource requirements arise during the course of the year due to unexpected developments, these priority areas will take precedence over other areas of activity. In those instances where it is feasible to do so, the MCA will continue to outsource requirements for services when this involves the need for specific expertise that is not available within the MCA or where it needs such services in the short-term. At the same time the MCA is committed to effectively managing contractors with a view to achieving the best possible results.

The planned priority work streams and outputs envisaged to be performed in 2017 are shown under each of the above strategic objectives. The major outputs listed under each strategic objective represent the MCA's current best view of the priority work streams that will be undertaken during 2017. These are presented to provide as much clarity as possible. However, there are a number of factors that are beyond the MCA's control which could impinge on the successful delivery of its work programme, namely:

- external dependencies that may affect our timing;
- interdependencies between work-streams, that may entail knock-on effects in the event of delays; and
- external events that are difficult to predict and which the MCA is required to respond to.

The MCA's experience over the past years has shown that, while its strategic update enables the identification of key areas to be addressed in the medium- to long-term future, the complexity and fast-paced nature of innovation and developments in the communications sector means that unexpected issues will inevitably arise. The MCA may have to adjust its plans in a variety of areas due to unplanned external developments (for example in light of ongoing market, legislative and regulatory developments, appeals to the MCA's decisions, and disputes between operators). In addition, the MCA's short-term plans are often affected by unforeseen circumstances, which may require the shifting of resources from planned activities and the rescheduling of planned work.

The MCA therefore intends to retain flexibility within the 2017 work programme, in order to respond to changes and new issues arising during the course of the year. The MCA will update its plans every quarter and make adjustments to its 2017 work programme when necessary to make sure it keeps pace with the rate of market change and any critical issues affecting citizens and consumers at any one time.

3. Financial Projections

The MCA follows principles of good governance, ensuring that it has adequate finances to meet its mandate and that it delivers the best possible service to stakeholders. In so doing this the MCA ensures that it provides a full accounting of its activities as required by law.

From a financing perspective, the MCA operates in accordance with a framework which is partly based on European Union (EU) legislation. The EU directives are very clear on the principles and practical implications of independence on the part of National Regulatory Authorities (NRAs). These should be endowed with all the necessary resources, in terms of staffing, expertise and financial means, all of which are required for achieving optimal performance in their regulatory role.

3.1 Financing MCA's Activity

Electronic Communications Networks and Services

The regulation of the electronic communications sector is funded on a self-financing basis via the levying of administrative charges collected from the sector players. These administrative charges are used solely to cover the administrative costs incurred in managing the authorisation system and for the granting of rights of use in line with Article 18 the Electronic Communications (Regulation) Act.

The MCA is required to account for its activities and related expenditures to the industry through a published statement of expenditure which reconciles its expenditure with charges collected from the sector. Furthermore, pursuant to EU Directives, the MCA is legally obliged to return any surplus funds remaining at the end of the year to the industry, or request additional funds if required.

General authorisation revenues from the electronic communications sector are calculated on the basis of the obligations emerging from the Electronic Communications Networks and Services (General) Regulations (SL 399.28).

Administrative charges collected from the sector are mainly based on the operators' projected revenues for 2017 submitted to the MCA in September 2016. These revenues will be reconciled in 2018 when the actual revenues for 2017 are submitted to the MCA. Therefore the projected income from the administrative charges may vary depending on changes in the electronic communications market.

In 2017 the recurrent cost for the regulation of the electronic communication sector is expected to be €3,158,149.

Postal

The regulation of the postal sector is funded via the levying of administrative fees collected from the sector players. Authorisation revenues from the postal sector are calculated on the basis of the obligations emerging from the Postal Services (General) Regulations (SL 254.01).

The postal licence fees collected from the sector are mainly based on the operators' projected revenues for 2017 submitted to the MCA in September 2016. These revenues will be reconciled in

2018 when actual revenues for 2017 are submitted to the MCA. Therefore the projected income from such fees may vary depending on the changes in the postal services market.

In 2017 the recurrent cost for the regulation of the postal sector is expected to be €198,492.

Management of the Radio Spectrum

The financial requirements related to the management of the radio spectrum that do not effectively pertain to the rights of use by electronic communications operators are financed via the deduction of the necessary amounts from fees collected on behalf of Government.¹⁴

In 2017 the recurrent cost for the management of the radio spectrum is expected to be €513,643.¹⁵ Furthermore, the capital expenditure in relation to spectrum monitoring equipment is expected to amount to €222,350.

Management of Radiocommunications Equipment Licences

The financial requirements with respect to the management of radiocommunications equipment licences are catered for via the deduction of the necessary amounts collected from the licence fees that are payable to Government.

In 2017 the recurrent cost for the management of licensing of radiocommunications equipment is expected to be €127,057.

eCommerce and eTrust Services

The financial requirements with respect to promoting and facilitating the uptake of eCommerce and ensuring compliance with the Electronic Commerce Act are catered for via the deduction of the necessary amounts from fees that are payable to Government.

In 2017 the recurrent cost with regard to promoting and facilitating the uptake of eCommerce and ensuring compliance with the Electronic Commerce Act is expected to be €139,648.¹⁶

Information Society (IS) Initiatives

The activities carried out by the MCA in relation to the IS initiatives are financed by Government via a yearly Government subvention.¹⁷

In 2017 the recurrent cost related to the IS initiatives is estimated to amount to €576,893.¹⁸

¹⁴ The MCA collects fees on behalf of the Government for the rights of use for radio frequencies and numbers in line with the Electronic Communications Networks and Services (General) Regulations.

¹⁵ This includes the MCA's work relating to the satellite communications.

¹⁶ This excludes EU grants receivable to cover expenditure relating to the eCommerce eLearning Portal for SMEs initiative.

¹⁷ Government's 2017 budget subvention amounts to €450,000.

¹⁸ This excludes EU grants receivable to cover recurrent expenditure and income generated and expenditure incurred in relation to the free Wi-Fi initiative.

Business Innovation

The activities carried out by the MCA in relation to encouraging innovation and promoting Malta as a destination for high-value commercial users of communications services and ICTs are catered for via the deduction of the necessary amounts from fees that are payable to Government.

In 2017 the recurrent cost with regard to these activities is expected to be €237,275.

3.2 Projected Expenditure

The MCA's projected expenditure for 2017 for each of the above-mentioned activities is expected to be as shown in the table overleaf.

MCA's Projected Expenditure (€) - 2017

	Staff Costs	Administrative Expenditure	Projects and Operational Expenditure	Depreciation Charge	Total Expenditure
Electronic Communications Networks and Services	2,005,268	410,149	612,732	130,000	3,158,149
Postal Services	111,591	15,396	71,505	-	198,492
Radio Spectrum Management	210,445	42,099	261,099	-	513,643
Radiocommunications Equipment Licences	107,965	16,610	2,482	-	127,057
eCommerce and eTrust Services	75,433	9,918	54,297	-	139,648
Information Society	247,198	137,695	167,093	24,907	576,893
Business Innovation	110,533	15,176	111,566	-	237,275
Presidency of the EU Council	42,414	4,959	4,023	-	51,396